

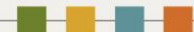


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City of Waukesha 2018 Sewer User Rate Review

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Presentation Overview

- Background on sewer user rates
- Factors affecting sewer user rates for 2018
- Recommended User Rates for 2018
- User rate comparison
- User rate estimates for next 5-years
- Questions



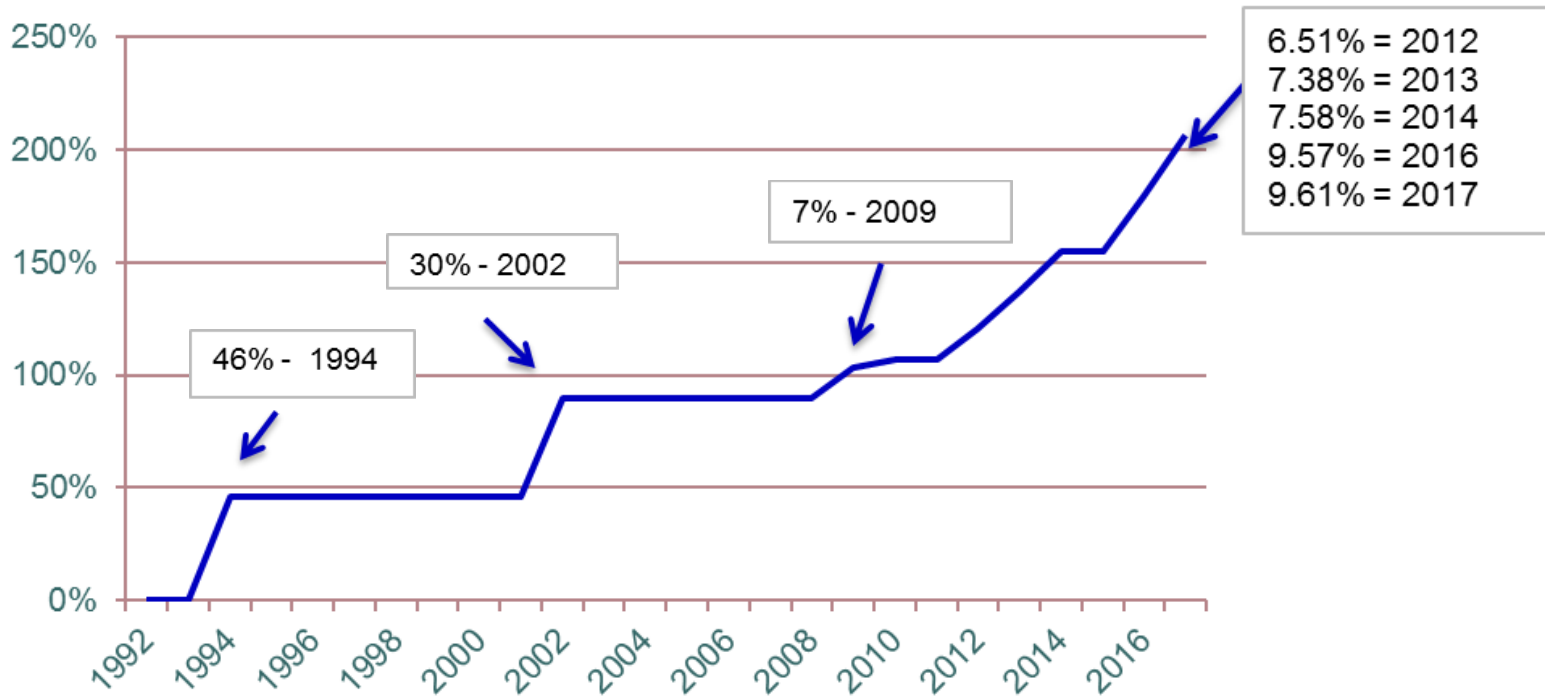
Background on Sewer User Rates

- The City has annually completed a user rate review since 2008
- In 2011 a long-range finance plan was prepared to estimate future user rate increases necessary to fund the annual debt service payments associated with future Treatment Facility and collection system projects
 - Updated annually in conjunction with user rate update
- Goals:
 - Design rates that are fair and equitable for all customer classes
 - Recover the full revenue requirements for the Utility
 - Avoid rate spikes in any particular year



Historical Look at User Rates

Cumulative Percent Increase to User Rates (Avg. Single-Family Home)



Factors Affecting the User Rates in 2018

- Need to maintain at least 1.25X debt coverage throughout the life of all revenue bonds and CWF loans
- Planning to issue a Clean Water Fund Loan for approximately \$14.1 million sewer interceptor project
- Planning to issue debt for \$3.9 million of collection system projects
- Maintaining the minimum required replacement fund balance per the 2014-2015 Clean Water Fund Loan Requirements (\$1.58 million)



Factors Affecting the User Rates in 2018

- Billable flow continues to decline
 - Primarily in the residential and industrial class over past 12 months
- Total billable flows have declined approximately 23% over the last 13-years
- Billable flows are projected to decrease 4% from 2017-2018
- Operating and Maintenance costs are projected to increase 1.2% in 2018



Results for 2018

	Current Rates Effective 1/1/2017	2018 Proposed Rates	\$ Change	% Change
<u>City (Inside) User Charges</u>				
Quarterly Fixed Charge	\$13.88	\$14.86	\$0.98	7.08%
Volumetric Charge per 1,000 gallons	\$6.02	\$6.62	\$0.60	10.00%
Quarterly flat charge (unmetered users only)	\$180.60	\$198.66	\$18.06	10.00%
Surcharge Rate BOD /lb	\$0.85	\$0.90	\$0.05	5.88%
Surcharge Rate SS /lb	\$0.40	\$0.46	\$0.06	15.00%
Surcharge Rate P /lb	\$6.95	\$7.87	\$0.92	13.24%
Surcharge Rate TKN /lb	\$1.40	\$1.60	\$0.20	14.29%
<u>Extraterritorial (Outside) User Charges</u>				
Quarterly Fixed Charge	\$13.88	\$14.86	\$0.99	7.10%
Volumetric Charge/1,000 gal	\$8.05	\$8.86	\$0.81	10.00%
Quarterly flat charge (unmetered users only)	\$241.56	\$265.72	\$24.16	10.00%
<u>Hauled Waste Charges</u>				
Septic Tank Rate per 1,000 gal	\$49.32	\$54.18	\$4.86	9.85%
Holding Tank Rate per 1,000 gal	\$16.30	\$17.91	\$1.61	9.85%
Chemical Toilet Waste Rate per 1,000 gal	\$134.30	\$150.69	\$16.39	12.20%
Annual Cost for Average Residential User (58,500 gallons/year)	\$407.68	\$446.83	\$39.15	9.60%
Quarterly Increase			\$9.79	



Estimated Utility Cash Flow for 2018

	2018
Total Cash Sources	\$14,849,048
Cash Uses	
O&M	\$7,219,645
Net Before Debt Service	\$7,629,403
Debt Service	
Pension State Trust Fund	\$26,982
2012 G.O. Promisary Note	\$345,000
2014 Sewer Revenue Bonds	\$549,475
2014 Clean Water Fund Loan	\$2,210,015
2015 Clean Water Fund Loan	\$969,164
2016 Sewer Revenue Bond	\$252,800
2017 Sewer Revenue Bond	\$456,025
2017 Bond Anticipation Note (Refinanced in 2018)	\$394,779
2018 Clean Water Fund Loan (Interceptor Project)	\$154,943
2018 Bond Anticipation Note (Refinanced in 2019)	\$0
Total Debt Service	\$5,359,183
Capital Outlay (non reserve) ⁽⁵⁾	\$1,000,000
Addition to Replacement Fund	\$50,000
Net Cash Flow	\$1,220,220



Comparison of User Rates

Community	Annual Cost per Single-Family Home
New Berlin, City	\$758
Muskego, City	\$671
Menomonee Falls, Village	\$615
Brookfield, City	\$500
Mukwonago, Village	\$470
Waukesha, City, Proposed 1/1/18	\$447
Pewaukee, City	\$440
Waukesha, City, Current	\$408
Oconomowoc, City	\$357
Racine, City	\$283

Based Upon 58,500 gallons per year for the average single-family home



User Rate Estimates for Next 5-Years

Year	Average Annual Payment - SF Home	Percent Rate Increase	Increase to Quarterly Bill
2018	\$447	9.60%	\$6.83
2019	\$490	9.25%	\$10.73
2020	\$535	9.50%	\$11.33
2021	\$586	9.50%	\$12.71
2022	\$642	9.00%	\$13.91





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